



United States
**Office of
Personnel Management**

Washington, DC 20415-0001

In Reply Refer To: DEC 15 1997 Your Reference:

Cynthia L. Johnson, Director
Cash Management Policy and Planning Division
Financial Management Service

Dear Ms. Johnson

In reviewing 31 CFR Part 208, Management of Federal Agency Disbursements, Proposed Rule, the Retirement and Insurance Service at the U.S. Office of Personnel Management has the following comments:

SUPPLEMENTARY INFORMATION SECTION:

I. Background A. Introduction, Seventh paragraph down: *In those few cases where an electronic payment is misrouted, it can be traced and rerouted to the recipient, usually within 24 hours after a claim of non-receipt is received, compared to an average of 14 days for a check.*

- We have experienced the opposite with EFT non-receipts. It can take up to 3 months to resolve a misrouted EFT payment, whereas, as you cite, we can replace a check within 14 days. Many annuitants have indicated their mistrust of electronic transfer due to the perceived "black hole" their payments could fall in when transmitted electronically. Their greatest fear is that they will not only not get their payments on time, but may never get their payment due to it going into this "black hole". To make EFT payments more marketable, it is imperative that Treasury work with the Financial Institutions to resolve non-receipts in a more expeditious manner.

D. Section 208.4 - Waivers (SUPPLEMENTARY INFORMATION SECTION)
General Comment:

- Your distinction between recipients of federal payments before and after July 26, 1996, does not take into account changing factors that may occur to those who may have had bank accounts when payments were begun on or after July 26, 1996, but for some reason, their situation changed (they may have moved to an area where they may have a bank account but it may not be as accessible as the local grocery store) thus they should have the same opportunity to waiver for geographic barrier as those who were receiving federal payments before July 26, 1996.

EFT
#030

Treasury plans to develop, and make available to agencies, model language that an individual would use to certify to the agency that receiving payment by EFT would impose a hardship due to one of the enumerated barriers. The certification would be based on the individual's own evaluation of his or her circumstances.

- We support Treasury's offer of model language but in order to communicate with our population by July 1, 1998, as specified in Section 208.7, we would need to have this model language by early 1998.

[category (g)] an agency would not be required to make a payment by EFT if the cost of using EFT for making a non-recurring payment is greater than the cost of making that payment by check....

- If our agency wanted to have a whole category of payments waived due to this waiver category, how would we communicate that information to you? Specifically, our payment of refunds and lump sums are one time payments that may not be cost effective to pay into an electronic account. Our lump sums can be as small as \$25.00. How would Treasury monitor the cost effectiveness of a particular payment? Are there any guidelines or minimum payment allowances?
- How can an agency indicate that a payment is waived and does Treasury need to know the category of waiver a payment falls under?
- Will this waiver be indicated on the payment file and if so, how long will Treasury give agencies to provide for the programming?
- If not, how long is the retention requirement for waivers on file?

E. Section 208.5 - Access to Account Provided by Treasury (SUPPLEMENTARY INFORMATION SECTION)

...Treasury will, pursuant to the Act's mandate, provide the individual with access to an account at a Federally-insured financial institution selected by Treasury.

- Since it is implicit that Treasury will provide the account to the unbanked, will Treasury provide agencies with a mechanism to refer individuals who qualify for an ETA on a continuing basis to Treasury?
- Will accounts be selected for the individual or will there be a list of options from which the individual can choose?
- How will the account information of an individual get communicated to the agency?
- What kind of guidance will agencies receive on the ETA, its development and implementation?
- Setting up "special" banking arrangements for unbanked

OPM's Comments on 31 CFR Part 208

3

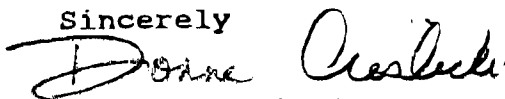
individuals where only a debit card can be used may increase the potential for not getting reclamation payments back, since if the money is not in the account, the FI must report the name of the last withdrawer, however, a withdrawer from an ATM machine cannot be identified.

I. Section 208.9--Compliance

Section 208.9...provides for Treasury to monitor agencies' compliance with the EFT mandate. It further provides that agencies that fail to make payments by EFT as required under this part may be assessed a charge in accordance with 31 U.S.C. 3335.

- What guidelines or information will Treasury use to identify agency compliance and what information will the agency have to provide to document compliance?
- Since all future annuitants presently reside on agency payroll systems, the enhancement to get banking information from the agency becomes a time saving step. If the agency does not have banking information, i.e., they have waived the EFT payment requirement, can we rely on this agency determination or do we have to request another waiver certification from the individual when they retire?
- Will there be a time limit within which Treasury will ask for information on or challenge a waiver? Specifically, we plan to do a mass mailing to our check recipients next year, but because there are on-going fluctuations with our recipient base, what we gather next year may not be true in five years from now. Will we be responsible for maintaining an ongoing "database" on waiver individuals?

Sincerely



Donna Cieslicki
Treasury Liaison Officer
Retirement and Insurance Service
U.S. Office of Personnel Management